

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6630

BILL NUMBER: SB 148

DATE PREPARED: Dec 9, 2001

BILL AMENDED:

SUBJECT: State Bidding Procedures.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill increases the dollar threshold for qualification of bidders and for bidding and awarding of contracts for public works projects. The bill provides that the director of the Division of Public Works may waive the filing of any public works contractor's financial statement.

Effective Date: July 1, 2002.

Explanation of State Expenditures: Increasing the dollar thresholds for the submission of qualification of bidder information and for the bidding and awarding of contracts will reduce the actual and administrative costs incurred by the Department of Administration's Division of Public Works.

Qualification of Bidders: Under current law, a contractor is required to submit an application showing specific qualifications in order to bid on projects costing more than \$100,000. This bill increases that threshold to \$150,000. The Department is expected to realize some savings in administrative costs from this provision in so far as it will no longer be required to review qualification applications submitted from bidders on projects valued between \$150,000 and \$100,000.

Competitive Bids: The bill also increases the dollar amount that a project may cost before the Department must submit the project to the formal bidding process. Under current law, projects costing more than \$25,000 are required to be bid on through a formal bidding process. This bill increases the threshold amount to \$75,000. Raising the bidding threshold from \$25,000 to \$75,000 is expected to reduce the Department's expenditures on the notification and advertising of planned projects. It is also expected to reduce the Department's administrative costs by allowing more projects to be fulfilled using the small purchase procedure, which requires less administrative action than the formal bidding process. The small purchase procedure allows the Department to request bids directly from known service providers and gives the Department the discretion, in certain instances, to use persons employed by the state to complete the project.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Administration, Division of Public Works.

Local Agencies Affected:

Information Sources: Jay McQueen, Deputy Commissioner, Department of Administration, 232-7636.